

**ALAMEDA ALLIANCE FOR HEALTH
FINANCE COMMITTEE
REGULAR MEETING**

**October 8th, 2024
8:00 am – 9:00 am**

SUMMARY OF PROCEEDINGS

Meeting Conducted in-person and by Teleconference.

Committee Members in-person: Dr. Rollington Ferguson, Gil Riojas

Committee Members by Teleconference: James Jackson

Committee Members Excused: Yeon Park

Board of Governor members in-person and on Conference Call: Rebecca Gebhart

Alliance Staff in-person and on Conference Call: Matt Woodruff, Dr. Donna Carey, Tiffany Cheang, Sasi Karaiyan, Richard Golfen III, Anastacia Swift, Lao Paul Vang, Ruth Watson, Yen Ang, Shulin Lin, Carol van Oosterwijk, Linda Ly, Brenda Martinez, Felix Rodriguez, Danube Serri, Brett Kish

CALL TO ORDER

Dr. Ferguson convened the Finance Committee meeting at 8:00 a.m.

ROLL CALL

Roll call was conducted, noting the absence of a quorum, which prevented any votes or actions from being taken.

INTRODUCTIONS

CFO Gil Riojas introduced the auditors from Moss Adams, Chris Pritchard, Rianne Suico, and Gordon Lam who were present to provide an update on the fiscal year 2024 financial statements.

CONSENT CALENDAR

Dr. Ferguson presented the Consent Calendar.

There were no modifications to the Consent Calendar, and no items to approve.

a) REVIEW AND APPROVE FISCAL YEAR 2024 ANNUAL AUDITED FINANCIAL STATEMENTS

The auditors presented their findings related to the fiscal year 2024 financial statements, highlighting an unmodified audit opinion: "Financial statements are presented fairly and in accordance with generally accepted accounting principles". This is the highest level of assurance that can be issued from the audit firm.

Discussion included assets, liabilities, and net position balance (cash balances, investment evaluations, premiums receivable, claims payable, net position, etc.), noting no significant issues.

Management and the entire team demonstrated a high level of collaboration and responsiveness in addressing all inquiries essential to substantiating the reported figures. There were no audit adjustments or disagreements with management. Notably, there is no indication of significant

instances of fraud or noncompliance with pertinent laws and regulations. From the auditor's perspective, the overall audit process proceeded seamlessly.

Question: Rebecca inquired about claims liability estimates, specifically whether they only pertained to hospital claims.

Answer: The auditors clarified that the liability balance in the financial statements encompasses both traditional medical claims liabilities and liabilities that do not go through the claim system. The latter are excluded for presentation purposes, aiming to accurately represent the claims liabilities, including fee-for-service claims liabilities. Management is tasked with estimating the ultimate payout at the end of each fiscal year.

Question: Rebecca asked why there was a historic increase in claims volume from around 7% to 11%, specifically if this increase was solely due to a higher volume of claims.

Answer: The auditors explained that the increase was not just due to the volume of claims but also to the speed at which claims were being processed and the rate at which providers submitted claims forms for the health plan to process and pay. Additionally, they mentioned that the overall increase in the acuity of the members' medical services was also a significant factor driving the increase. Gil added that over the last several months, they had observed lower completion factors for these claims, resulting in longer processing times, and the volume of claims was much higher than in the past.

b) CEO UPDATE

Matt Woodruff provided updates to the Finance committee on several key topics, which included:

Building Relocation:

The lease for the 1320 Harbor Bay office will be ending in May 2025. Additionally, in response to the Finance committee's request, the process of exploring potential building options and relocation has been initiated. CEO Matt Woodruff sought guidance from the committee, which agreed to postpone the building relocation process until the 2025 rates are received.

Question: Dr. Ferguson asked what the savings are from the lease cancellation.

Answer: Gil estimated the savings to be approximately \$1 million a year but will confirm and provide the precise savings resulting from the lease cancellation.

Question: James asked if there could be any negative consequences to delaying the building relocation process.

Answer: Matt agreed with the board that the current location on the island is very isolated, with no public transportation options. He mentioned that the lack of accessibility may be a drawback, as they only have about one visitor per business day. During the transition period in January, February, and March, they saw five to six visitors per day, indicating that the current location may not be ideal for reaching their members. Additionally, Matt pointed out that the real estate market is currently down, with many vacant properties. While this could mean getting a competitive price for a new building, it may not be the best time to invest \$50-60 million in a new property.

Question: Rebecca inquired whether there has been any consideration given to leasing a small space for member services in a location that is accessible to members as opposed to purchasing a \$60 million building.

Answer: Matt noted that there had been previous discussions on this topic. Gil suggested exploring a small space in Oakland, and possibly one in Fremont to serve the South County area, in addition to securing a space in Oakland. James expressed interest in participating in those discussions. Dr. Ferguson encouraged having those conversations and presenting them to the board as an alternative. Matt said they will investigate this possibility and provide a report, possibly in December.

Audit:

Matt expressed his gratitude to the entire finance team for the audit, considering the various challenges we have faced with state recoupment, long-term care rates, and transitioning to the single plan model.

Financial Measures and Actions:

Matt outlined several financial measures and actions being taken to address the financial situation, including freezing travel, removing provider grants, initiating a hiring freeze, and considering delaying new initiatives like ECM and community supports.

Question: Rebecca asked Matt for an example of an operational efficiency initiative that will save money.

Answer: Matt explained that they focused on automating the manual authorization process for healthcare services to reduce hiring and increase efficiency. By automating the approval of authorizations, they aim to decrease the workload and streamline the process. They also plan to audit the automated authorizations to ensure that providers follow standard processes. Additionally, they are exploring the possibility of stationing nurses back in hospitals to assist with discharge planning.

Comment: Dr. Ferguson suggested inviting someone from DMHC to attend a future board meeting to address the board and hear their concerns directly, emphasizing the importance of board engagement in these discussions.

Committee Membership and Quorum Issues:

The board addressed the issue of not meeting a quorum, considering expanding the committee membership to ensure a quorum can be met in future meetings.

c) REVIEW AND APPROVE THE AUGUST 2024 MONTHLY FINANCIAL STATEMENTS

AUGUST 2024 Financial Statement Summary

Due to time constraints, the August 2024 Financial Statement discussion was moved to the October 11, 2024 Board meeting.

Gil acknowledged the accounting team for their excellent work on the Moss Adams Audits.

UNFINISHED BUSINESS

There was no unfinished business.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Dr. Ferguson adjourned the meeting at 9:00 a.m.